

**State of Washington  
Decision Package**

<b>Agency:</b>	<b>310</b>	<b>Department of Corrections</b>
<b>Decision Package Code/Title:</b>	<b>8E</b>	<b>Strategic Purchasing</b>

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**Budget Period:** 2007-2009

**Budget Level:** M2 – Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Department requests funds for strategic purchasing contract savings that cannot be realized due to delayed contract implementation.

**Agency Total**

<b><u>Fiscal Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$2,666,000	\$2,666,000	\$5,332,000
<b>Staffing</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Annual</u></b>
FTEs	N/A	N/A	<b><u>Average</u></b>
			N/A

**Program 100-Administration and Program Support**

<b><u>Fiscal Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$274,000	\$274,000	\$548,000
<b>Staffing</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Annual</u></b>
FTEs	N/A	N/A	<b><u>Average</u></b>
			N/A

**Program 200-Insitutional Services**

<b><u>Fiscal Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$2,003,000	\$2,003,000	\$4,006,000
<b>Staffing</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Annual</u></b>
FTEs	N/A	N/A	<b><u>Average</u></b>
			N/A

## **Program 300-Community Corrections**

<b><u>Fiscal Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$386,000	\$386,000	\$772,000
<b>Staffing</b>			<b><u>Annual</u></b>
FTEs	N/A	N/A	<b><u>Average</u></b> N/A

## **Program 400-Correctional Industries**

<b><u>Fiscal Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$3,000	\$3,000	\$6,000
<b>Staffing</b>			<b><u>Annual</u></b>
FTEs	N/A	N/A	<b><u>Average</u></b> N/A

### **Package Description**

The intent of the strategic purchasing is to apply a comprehensive approach to acquiring goods and services to achieve the best value for the state of Washington. The Department of Corrections (DOC) is actively participating in the project led by the Department of General Administration (GA) and is committed to the use of the strategic purchasing contracts. The Department's base level budget was reduced by \$7.4 Million for the 2007-2009 Biennium in anticipation of achieving strategic purchasing results.

The Department received a report from GA in July 2006 stating that the Department had achieved a \$16,000 savings in office supplies for Fiscal Year 2006. The Department of Printing reported that DOC achieved a \$6,300 savings during Fiscal Year 2006. The Department of Information Services reported that DOC achieved a \$15,000 savings during Fiscal Year 2006. The Department's estimated savings in Fiscal Year 2006 is \$37,000. The Department's Fiscal Year 2006 budget was reduced in an excess of \$750,000.

Due to the delay in contracting, the Department will not reach the estimated savings of \$3.7 million in Fiscal Year 2007. On August 28, 2006, GA reported that only two of the original four strategic purchasing categories have contracts in place (Office Supplies and Fuel). The report provided the following updates on the contracts:

- **Information Technology Professional Services** has a project plan developed and the hope of soliciting bids by mid-December 2006.
- **Pharmaceutical Contracts** are not in place. GA does not estimate a time for a master contract to be completed.
- **Food Assessment** is still gathering cost-efficiency ideas and analyzing data. GA anticipates soliciting bids by mid December 2006.
- **Professional Services** contract process anticipates a bid closing data by late October 2006. GA is soliciting stakeholder input.

The Department believes that if master contracts for pharmaceuticals, Food, and information technology contracts are in place by July 1, 2007, a total of \$1,012,000 savings could be achieved per year.

The Department received a reduction in the base level budget of \$7.4 million for the 2007-2009 Biennium. This is \$5.4 million higher than what is achievable based on GA's timeline for contract implementation. The Department cannot reduce expenditures by \$5.4 million without reductions to direct services to offenders.

### **Narrative Justification and Impact Statement**

#### ***How contributes to strategic plan:***

This request is critical to agency activities, the strategic plan, and statewide results. The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activities *Confine Convicted Adults in State Prisons, Health Care Services for Adults in State Prisons, Supervise Adult Offenders in the Community, Core Administration, and Reentry Services for Adult Offenders*. The resources identified will be directed to support the agency objectives to meet the business administration needs of the agency. The strategy is to deploy new business practices and technology systems. These objectives and strategies move the Department closer to meeting its high-level organizational goals developing improved business practices and tools that are responsive, effective, and efficient. These high-level goals are intermediate outcomes and assist the Department in achieve statewide results that will reduce re-offense behavior and improve the safety of people and property.

#### **Performance Measure Detail**

No measures were submitted for this package.

#### ***Reason for change:***

The strategic purchasing contracts will not be finalized in time to achieve the original targeted budget reduction.

#### ***Impact on clients and services:***

N/A

#### ***Impact on other state programs:***

N/A

#### ***Relationship to capital budget:***

N/A

#### ***Required changes to existing RCW, WAC, contract, or plan:***

N/A

***Alternatives explored by agency:***

The Department has reviewed other methods of achieving the targeted budget reduction. In Fiscal Year 2006, the Department implemented short-term measures to achieve the targeted budget reduction, since the strategic purchasing contracts were not in place. The Department held positions vacant, reduced goods and services statewide, and applied unexpended proviso funds to meet the reduction target in Fiscal Year 2006. This impacted services in the short-term, and cannot be sustained in the long-term without impacting direct services to offenders. As reported by General Administration, the Department had only achieved a \$37,315 reduction in office supplies, printing, and information technology contracts.

***Budget impacts in future biennia:***

The Department will continue to participate in strategic purchasing, and will monitor actual savings achieved each year by utilization of these contracts and will adjust future year funding based on the results.

***Distinction between one-time and ongoing costs:***

These costs are ongoing.

***Effects of non-funding:***

The current reduction to the Department will result in both the reduction of direct services to offenders who are in the prisons and under community supervision. The Department is currently projected to meet a \$2.0 million target, if master contracts are in place by July 1, 2007, which leaves the base level budget under funded by \$5.4 million reduction.

***Expenditure Calculations and Assumptions:***

<b><u>Object Detail</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>Total</u></b>
E Goods and Services	\$2,666,000	\$2,666,000	\$5,332,000
<b>Total</b>	<b>\$2,666,000</b>	<b>\$2,666,000</b>	<b>\$5,332,000</b>